

**OFFERING MEMORANDUM**  
FOR NON-QUALIFYING ISSUERS

Dated: January 1, 2007

**The Issuer**

Name: **RIMFIRE iMEDIA (VCC) CORP.**  
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The Issuer (formerly Media 2000 Productions (VCC) Corp.) is not currently listed or quoted for trading on any stock exchange; is not a reporting issuer in any jurisdiction; and is not a SEDAR filer.

***The Offering***

Securities offered: 1,000,000 Common Shares at \$.75 per share to raise up to \$750,000. in one or more tranches.

Minimum Offering The offering is not subject to any minimum amount.

Tranche Maximum This tranche maximum offering is 1,000,000 Shares at \$.75 (\$750,000.). The Issuer reserves the right to increase or decrease the number of Shares offered in the overall offering; and to increase the overall size of the Offering by up to \$750,000, such that the maximum offering would be \$1,500,000, subject to approval by the BC Investment Capital Branch.

Payment terms: Cheque or bank draft on closing.

Planned closing date(s): One or more dates prior to February 28, 2007; additional closings in 2007.

Tax consequences: There are important tax consequences to these securities. Investors are entitled to receive a tax credit equal to 30% of the amount invested; and the Shares qualify for contribution to RRSP's. See Items 6 and 7.

Selling Agent: The Issuer has agreed to pay agents a commission of up to 10% of the subscription price of the Shares sold to subscribers, together with all of the agents' costs incurred. "See item 8".

***Resale Restrictions***

You will be restricted from selling your securities for an indefinite period. In addition to statutory hold periods, the *Small Business Venture Capital Act* precludes the Issuer from disposing of any securities it acquires before five years from the date of acquisition, subject to certain exceptions. See item 10.

***Purchaser's Rights***

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel this agreement. See item 11.

**No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 9.**

## Table Of Contents

The Issuer .....	1
<b>Item 1 ..... Use of Available Funds .....</b>	<b>4</b>
1.1 Net Proceeds and Available Funds .....	4
1.2 Use of Available Funds .....	4
1.3 Reallocation .....	5
<b>Item 2 ..... Business .....</b>	<b>5</b>
2.1 Structure.....	5
2.2 Our Business.....	5
NetTitles Production Corp.....	5
2.3 Development of Professional Services Business .....	5
Collections & Services .....	5
Sales Partners.....	6
Hewlett Packard (Canada) Co. ....	6
Content Partners .....	6
Information Regarding Cinemage Corporation (CC).....	7
2.4 Development of Consumer iMedia Services .....	8
Definition of iMedia Services.....	8
Successful Examples of Consumer iMedia Services .....	8
NeTitles Pilot iMedia Service “Artibitions” .....	8
iMedia Services Under Consider .....	9
Consumer – Professional Service Cross-over.....	9
2.5 Long Term Objectives .....	9
2.6 Short Term Objectives and How We Intend to Achieve Them.....	10
2.7 Material Agreements .....	10
2.8 Liquidity .....	11
<b>Item 3 ..... Directors, Management, Promoters and Principal Holders.....</b>	<b>11</b>
3.1 Compensation and Securities Held .....	11
3.2 Management Experience .....	12
NETITLES PRODUCTION CORP. ....	12
3.3 Penalties, Sanctions and Bankruptcy .....	13
<b>Item 4 ..... Capital Structure .....</b>	<b>13</b>
4.1 Outstanding Securities (other than debt) .....	13
NeTitles Production Corp.....	13
4.2 Long Term Debt .....	14
4.3 Prior Sales.....	14
<b>Item 5 ..... Description of Securities Offered .....</b>	<b>15</b>
5.1 Terms .....	15
EXEMPTIONS FROM THE PROSPECTUS REQUIREMENTS .....	15
Resale Restrictions .....	16
VCC Investment Restrictions .....	16
Venture Capital Program Summary.....	16
PROVINCIAL GOVERNMENT DISCLAIMERS.....	16
Equity Capital Authorizations .....	17
Investment Requirements .....	18
Fees and Remuneration .....	20
Investment Liquidity.....	20
5.2 Subscription Procedure.....	21

Item 6 .....	Income Tax Considerations.....	21
	Interest Expense Incurred to Acquire Shares.....	23
	Qualified Investments for Deferred Income Plans including an RRSP and RRIF .....	24
Item 7 .....	Tax Credits & Example.....	24
	Example Investments.....	25
Item 8 .....	Compensation Paid to Sellers and Finders.....	26
Item 9 .....	Risk Factors.....	26
Item 10 .....	Reporting Obligations.....	33
Item 11 .....	Resale Restrictions .....	34
Item 12 .....	Purchaser's Rights .....	34
Item 13 .....	Date and Certificate.....	36

## ***Item 1 ..... Use of Available Funds***

### **1.1 Net Proceeds and Available Funds**

The net proceeds of the offering and the funds that will be available to us after this offering are as follows:

		<b>Assuming min. offering</b>	<b>Assuming max. tranche offering</b>
A	Amount to be raised by this offering	\$0	\$750,000.
B	Selling commissions and fees	N/A	\$75,000.
C	Estimated offering costs (eg. legal, accounting, audit)	N/A	\$75,000
D	Net proceeds: $D = A - (B + C)$	N/A	\$600,000.
E	Current working capital [or deficiency] of the Issuer as at January 1, 2007	nil	nil
F	Available funds: $F = D + E$	N/A	<b>\$600,000.</b>

### **1.2 Use of Available Funds**

The estimated gross proceeds of this Offering from the sale of Shares will be \$600,000 if the maximum offering is realized. The Issuer will invest the net subscription proceeds received from this Offering (after commissions and offering costs), toward the acquisition of Class “A” preferred shares in NeTitles Production Corp., (“NeTitles”) a company engaged in the production of multimedia or mixed media works for the Internet. The Issuer is required to hold 30% of the proceeds of this Offering in an Investment Protection Account until it subscribes for equity shares of NeTitles, at which time those funds will be made available to the Issuer and invested in additional equity shares of NeTitles.

NeTitles will use the subscription proceeds received from the Issuer to fund the following maximum expenditures in connection with its development:

<b>Description of intended use of available funds listed in order of priority</b>	<b>Assuming min. offering</b>	<b>Assuming max. offering</b>
Equipment	nil	\$25,000
Software	nil	\$5,000
Licensing Costs	nil	\$75,000
Service & Content Production Salaries	nil	\$355,000
Supplies & Expenses	nil	\$25,000
Office and Administration	nil	\$65,000
Working Capital	nil	\$50,000
<b>Total</b>	<b>nil</b>	<b>\$600,000.</b>

The funds available to NeTitles will vary directly with the amount realized under this Offering.

If the maximum offering is not realized, NeTitles will seek supplemental funding from alternative sources including standard bank financing, and alternative sources of venture capital to fully complete its business program.

### **1.3 Reallocation**

We intend to spend the available funds as stated. However, we may reallocate funds for sound business reasons.

## ***Item 2 ..... Business***

### **2.1 Structure**

Rimfire iMedia (VCC) Corp. (previously Media 2000 Productions (VCC) Corp.) (the “Issuer”) is a company incorporated under the laws of British Columbia on January 18, 2000. It was registered under the *Small Business Venture Capital Act* on March 6, 2000 and changed its name to Rimfire iMedia (VCC) Corp on November 22, 2006.

### **2.2 Our Business**

The Issuer is a private British Columbia company that was incorporated solely for the purpose of making equity investments in NeTitles Production Corp. (“NeTitles”). The company may in the future invest in additional enterprises in related fields as described in this Offering, which have been approved by the Investment Capital Branch as Eligible Small Businesses.

#### ***NetTitles Production Corp.***

NeTitles produces digital image collections for distribution, primarily over the Internet. Reproduction rights are obtained from artists, galleries, institutions and other Intellectual Property owners, and digital images are created through photography, scanning, computer post-processing, uploading and cataloguing.

NeTitles earns revenue from users paying fees to download NeTitles images for their own use. It has agreed with Cinemage Corp. (“CC”) to make all of its production collections available through the Internet via CC’s *Cinemage Global Services* system. CC is a public company listed on the TSX Venture Exchange (“TSX”) carrying on the business of research, development and sale of advanced multi-media software for high speed computer networks; and the operation thereof through the *Cinemage Global Services* Internet portal, both directly and through its wholly owned subsidiary, Advanced Cultural Technologies Inc. (“ACT”).

### **2.3 Development of Professional Services Business**

#### ***Collections & Services***

NeTitles owns the collections and services operated by Cinemage Corp. on the Internet at:

[www.fineartprints.ca](http://www.fineartprints.ca)  
[www.prophotos.ca](http://www.prophotos.ca)  
[www.valuepics.com](http://www.valuepics.com)

as well as multiple experimental collections including the World Heritage Exchange designed for subscription-based revenue generation, and an application in Knowledge Archiving.

The focus of NeTitles is now on the production of images target to the decorative wall art market in the form of Giclee reproductions produced by large format printers. These reproductions look much more like originals than lithographic reproductions do, while costing somewhat more than litho prints but much less than the originals.

### ***Sales Partners***

NeTitles has entered into a broad non-exclusive distribution agreement with Cinemage Corporation to distribute its image collections on the Internet through the services NeTitles owns. Cinemage Corp. has in turn entered into a licensing agreement with the Cinemage Systems Limited Partnership to:

- a) sell kiosk-based systems packages to prominent museums and galleries, as a source of reproduction sales from NeTitles' collections but also as a source of image content to be added to NeTitles' collections for general distribution under license.
- b) sell PrintStations to framers and galleries, for them to purchase images from NeTitles' collections and produce Giclee reproductions on demand.
- c) sell Retail Order Entry systems to print, poster, art, gift and other retail outlets for "Print & Ship" sales of reproductions.
- d) to preprint works for direct sale or consignment sale.
- e) to operate a Print & Ship service for orders from Retail Order Entry systems or gallery kiosks.

NeTitles retains the right to Print & Ship orders received directly from consumers across the Internet.

This distribution agreement allows NeTitles to use its investment capital primarily for building its digital inventory, and its iMedia consumer services. As it has minimal operating costs, most revenue from image sales is profit and can be distributed to shareholders as Dividends.

### **Hewlett Packard (Canada) Co.**

Cinemage Systems LP has also entered into a sales collaboration with Hewlett Packard (Canada) Company, through which Cinemage systems will be sold through HP Colour Elite Resellers in Canada. Cinemage and HP expect also to undertake joint direct sales activities as well as collaborate on marketing and promotion. Opportunity exists to expand this collaboration to Europe. Systems sales expand the reproduction sales network.

### ***Content Partners***

Most content currently hosted is licensed from local artists, or licensed from international photographers who contribute to Stock Photography agencies. Major museums and galleries are now beginning to recognize the commercial value of Giclee reproductions, led by the National Gallery of London with whom Cinemage had a collaboration in the mid-latter nineties as part of its product research and development phase.

With the FineArtPrints service in place, and reproduction sales distribution arranged through Cinemage Corp. and Cinemage Systems LP in collaboration with Hewlett Packard (Canada) Company, NeTitles is in a much stronger negotiating position to license prominent collections and the works of prominent artists.

While initial capital has gone into service development and the licensing of illustrative collections during a feasibility period, new investment capital will be invested in image inventory with a high capacity for revenue generation.

NeTitles is currently planning negotiations with local reproductions company for sublicensing of their collection. Similar negotiations will be initiated internationally. Advanced Cultural Technologies Inc. (ACT), the developer of the Cinemage system and now wholly owned by Cinemage, during its research and development phase established collaborative relationships with the following:

Intelfin, Rome, Italy  
 Interactive Multimedia Titles, Milan, Italy  
 The Canadian Heritage Information Network, Ottawa, Ontario  
 The Laboratoire de Recherche de Musée de France, Paris, France  
 The National Gallery of London, England  
 Terra Cotta Warrior Museum, Xian, Peoples Republic of China  
 The Ministry of Culture, Peoples Republic of China  
 The University of British Columbia  
 The Vancouver Art Gallery  
 The Vancouver Museum

and many others. These relationships are now available to initiate commercial licensing negotiations.

### ***Information Regarding Cinemage Corporation (CC)***

Given the significant contractual relationship between NeTitles and CC, the following information regarding CC and ACT is offered for reference.

Cinemage Capital Corp. (“CC”) was incorporated under the *Business Corporations Act* (Alberta) on April 29, 1998, and subsequently changed its name to Cinemage Corporation and continued under the Canada Corporations Act. CC trades under the symbol “CIG” on the TSX Venture Exchange. The significant shareholders of CC are Media West Technology (VCC) Corp., holding 8,628,995 common shares (representing about 28% of CC’s issued and outstanding share capital); and Mr. Edgar Froese holding 6,895,767 common shares (representing about 23%). CC is a reporting issuer in both British Columbia and Alberta, and is an electronic filer under SEDAR. For full information concerning the business and affairs of Cinemage and its subsidiaries, including financial statements, potential subscribers are encouraged to review information at [www.sedar.com](http://www.sedar.com).

Advanced Cultural Technologies Inc. (“ACT”) was incorporated under the *Company Act* (British Columbia) by certificate of incorporation dated November 23, 1989. ACT was founded by Edgar Froese, and is now a wholly owned subsidiary of CC.

## **2.4 Development of Consumer iMedia Services**

Rimfire iMedia (VCC) Corp. intends to broaden its investment into the funding of iMedia Services, either through the diversification of NeTitles Productions or the funding of alternate Eligible Small Businesses engaged in this field, possibly created through the spin-out of specific services from NeTitles.

### ***Definition of iMedia Services***

In the context of this document iMedia Services are internet-based interactive digital media services that use media elements (such as images, video, audio, graphics, etc.) as data components of the service, and have been simplified in their user interface to allow consumers to directly make multimedia contributions (uploads) to the service. In addition, function is added that allows for interaction between contributors and users of the service to itself become a mixed-media communications medium. User communication can take the form of:

- a) image and other media data sharing through open or low-priced downloading of other's uploads.
- b) third party ability to critique or comment on other's uploads.
- c) third party ability to vote on the "quality" of other's uploads.
- d) Blogs to carry on a multi-party conversation on a theme or subject.
- e) chat services for "birds-of-a-feather".
- f) Notice Board services to promote social networking.

### ***Successful Examples of Consumer iMedia Services***

Several start-up companies that fit the above description have achieved prominence recently through their acquisition by large international groups, namely:

- **FLICKR** of Vancouver (acquired by Yahoo; deal details unknown) See: <http://www.flickr.com/>
- **iStockPhoto** of Calgary (acquired by Getty Images for \$25 USD) See: <http://istockphoto.com/>
- **Youtube** of California (acquired by Google for \$1.65 billion USD) See: <http://www.youtube.com/>
- **Plentyoffish** of Vancouver (advertising revenue from Google) See: <http://www.plentyoffish.com/>

### ***NeTitles Pilot iMedia Service "Artibitions"***

NeTitles in 2006 undertook the development of a pilot service entitled "**Artibitions**". The service is targeted to artists who are interested in a "virtual gallery" in which to hold a showing of their work. Among the features currently implemented, artists and viewers can:

- a) register free;
- b) upload up to 20 low resolution images;
- c) enable or disable downloading for a fee;
- d) comment on third party uploads
- e) vote on third party uploads
- f) view top rated images;
- g) view most highly viewed images;

The pilot will be completed from proceeds of this financing, and form a model for other iMedia services.

Artibitions is also being viewed as a buyer / contributor recruitment site for the professional service at [www.fineartprints.ca](http://www.fineartprints.ca).

### ***iMedia Services Under Consider***

Management of NeTitles is currently considering a number of new productions, including:

- a) iKidsArt.com – an art sharing site for children and their friends, parents, grandparents, and lovers of kid’s art; may be a source of Prints-On-Demand sales, but resolution is likely insufficient.
- b) iStockShots.com – an image sharing site for low resolution professional quality images, and a buyer / contributor recruitment site for the professional service at [www.prophotos.com](http://www.prophotos.com)
- c) iTripPhotos.com – an image sharing site for travellers, allowing uploading of images of trips to be uploaded in the field at the local Internet Cafe, and shared with friends and family at home.
- d) cultourism.com – an auto-created but edited site for quality images from local or foreign travel. Quality images could be solicited from iTripPhotos.com, and properly catalogued to facilitate tying paid tourism advertising to the image.

Domain Names noted have been reserved by NetEquity Capital for targeted future developments.

### ***Consumer – Professional Service Cross-over***

Consumer services generally require a simpler user interface that reduces function, and media (image) data is often of a lower resolution and of a lower quality.

However, the consumer services – in addition to generating their own revenue – can constitute a source of referrals to professional services, both for buyers and contributors.

Buyers could constitute buyers of high-resolution images for commercial reproduction, or of Giclee prints on canvas, Fine Art or other media.

## **2.5 Long Term Objectives**

NeTitles’ long-term objectives are to:

- (a) build a large and diverse image collection with strong revenue capacity in the decorative wall art market;
- (b) develop iMedia services that are revenue generators in their own right as well as recruiting sites for professional imaging services;;
- (c) develop Giclee printing revenue streams from Internet sales of reproductions;
- (d) develop advertiser revenue tied to iMedia services.;
- (e) return dividends to shareholders;
- (f) provide liquidity for shareholders through public markets;
- (g) use surplus revenue to build inventory; and
- (h) identify other business opportunities for diversification and growth.

## **2.6 Short Term Objectives and How We Intend to Achieve Them**

(a) NeTitles' business objectives for the next 12 months include leveraging the funding received from the Issuer with contributions from content owners and suppliers. The company will focus on the following major areas:

- complete its Artibitions site as the first in its iMedia series.
- license additional content for its FineArtPrints.ca site, including using the Artibitions site as a recruitment site.
- develop a Print & Ship capability: through a sublicensing agreement; by starting a Print & Ship shop; or by acquiring a digital printing company.
- use the Artibitions site as a template to develop additional iMedia services.
- consider mechanisms to "consumerize" its professional services.
- consider how to integrate its consumer and professional services.

(b) NeTitles intends to do the following to meet its objectives for the next 12 months:

<b>What NeTitles must do and how it will do it</b>	<b>Target completion date or number of months to complete</b>	<b>Estimated cost to complete</b>
Finalize sale of this Offering	November 30, 2007	\$150,000
Complete the Artibitions site, seed it with artworks, and promote its use on the Internet with Viral Marketing.	3 months	\$25,000
Establish two "Media Vaults" at separate physical locations, that each use RAID technology with hot swappable drives, and that mirror each other.	3 months	\$25,000
License reproduction rights to additional decorative and Fine Art works for FineArtPrints from major institutions, artists and galleries; produce digital content.	12 months	\$215,000
Kick-start the printing of Giclee reproductions	3 months	\$35,000
Develop new iMedia applications (3)	9 months	\$220,000
Consumerize the professional services, and integrate them with the consumer services.	8 months	\$105,000

(c) The proceeds of this offering may not be sufficient to accomplish all of NeTitle's business objectives for the next 12 months; and there is no assurance that additional financing will be available.

## **2.7 Material Agreements**

The following summarizes the material agreements to which we are currently a party and any material agreements with a related party:

The Issuer has not entered into any material contracts, other than a Share Subscription Agreement among the Issuer, NeTitles and Mr. Edgar Froese dated effective January 1, 2002 pursuant to which the Issuer agreed to use the net subscription proceeds realized by it from the sale of its Shares to subscribe for Class “A” preferred shares of NeTitles at \$1.00 per share.

## **2.8 Liquidity**

Management sees providing liquidity for investors through several potential channels, including:

- a) the listing of the Issuer’s shares on the CNQ Exchange.
- b) the spinning out of a successful service as a business in its own right, potentially seeking its own public listing.
- c) the sale of successful services with the subsequent distribution of proceeds of the sale.
- d) the distribution of shares of operating investments to Issuer shareholders.

## ***Item 3 ..... Directors, Management, Promoters and Principal Holders***

### **3.1 Compensation and Securities Held**

The following table sets out information about each director, officer and promoter of the Company and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Company (as “principal holder”):

<b>Name and municipality of principal residence</b>	<b>Positions held (eg. director, officer, promoter and/or principal holder) and the date of obtaining that position</b>	<b>Compensation paid by the Company in the most recently completed financial year and the compensation anticipated to be paid in the current financial year.</b>	<b>Number, type and percentage of securities of the Company<sup>1</sup> held after completion of min. offering</b>	<b>Number, type and percentage of securities of the Company held after completion of max. offering<sup>1</sup></b>
<i>Janet Chilvers Vancouver, B.C.</i>	<i>President and Director since March 15, 2001</i>	<i>nil/nil</i>	<i>nil</i>	<i>nil</i>
<i>George Lai Vancouver, B.C.</i>	<i>Director since February 16, 2000</i>	<i>nil/nil</i>	<i>nil</i>	<i>nil</i>
<i>Ralph Balcom Prince George, B.C.</i>	<i>Director since March 15, 2001</i>	<i>nil/nil</i>	<i>nil</i>	<i>same</i>

<sup>1</sup> Assumes none of the persons listed participate in the Offering.

### **3.2 Management Experience**

The following is a summary of the qualifications of the directors of the Issuer:

<b>Name</b>	<b>Principal occupations and related experience</b>
<b>Janet Chilvers</b>	Ms. Chilvers is an independent businesswoman who has operated sole proprietorship businesses in Vancouver, B.C. and on Bowen Island for the past twenty years. Ms. Chilvers is also President of Media West Technology (VCC) Corp. Ms. Chilvers is responsible for overseeing the general management and operations of the Issuer, including compliance with all regulatory requirements.
<b>George Lai</b>	Mr. Lai is the principal of George Lai and Company, a local accounting firm. Mr. Lai is a Certified General Accountant, with specialty experience and expertise in scientific research and experimental developments tax credits. He was for many years a financial manager with Industry Liaison at the University of British Columbia. Mr. Lai will be responsible for all accounting matters.
<b>Ralph Balcom</b>	Mr. Balcom is the principal, President and Chief Executive Officer of Balcom Financial Corp., a private investment company formed in 1995 and located in Prince George, B.C. Mr. Balcom's major role with the Issuer is in assisting it in its fundraising activities.

### **NETITLES PRODUCTION CORP.**

The following is a summary of the qualifications of the key staff members assigned responsibility for managing the operations of NeTitles.

***Edgar Froese***  
*President and Director*

Mr. Froese is the founder and directing mind of NeTitles. He is responsible for general management, developing corporate strategy, and developing methods for implementing operations.

***Joseph Nuyten***  
*General Manager*

As General Manager of NeTitles, Mr. Nuyten is in charge of the sales and marketing aspects of NeTitles' business; managing Giclee print production, developing business markets and means of implementing corporate strategy, and assisting in setting contracts with content providers.

***Jon Nightingale***  
*Production Manager*

As Production Manager of NeTitles, Mr. Nightingale is in charge of the content production aspects of NeTitles' business; and developing intellectual property agreements, and assisting in setting contracts with content providers.

### **3.3 Penalties, Sanctions and Bankruptcy**

No director, officer, promoter or other member of management of the Issuer is, or within the five years prior to the date of this Offering Memorandum has been, a director, officer or promoter of any other issuer that while that person was acting in that capacity:

- (a) was the subject of a penalty or sanction imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of an issuer, or involving theft or fraud.; or
- (b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

## ***Item 4 ..... Capital Structure***

### **4.1 Outstanding Securities (other than debt)**

The following summarizes the share structure of the Issuer:

Description of security	Number authorized to be issued	Number outstanding as at Nov. 30, 2006	Number outstanding assuming completion of min. offering	Number outstanding assuming completion of max offering
common shares	10,000,000	6,662,445	N/A	7,662,445

#### ***NeTitles Production Corp.***

The authorized capital of NeTitles is 40,000,000 shares divided into 10,000,000 voting common shares without par value, and 30,000,000 voting convertible preferred shares consisting of 10,000,000 Class "A" preferred shares, 10,000,000 Class "B" preferred shares and 10,000,000 Class "C" preferred shares. The current issued and outstanding share capital consists of 1,879,966 Class "A" preferred shares held by the Issuer and 1,880,066 common shares that are held by Edgar Froese and/or his nominees.

The Issuer will be acquiring Class A preferred shares of NeTitles. The Class A preferred shares have the following provisions, special rights and restrictions:

*Voting* the preferred shares carry with them full voting privileges and the holders are entitled to notice of and to vote at shareholders' meetings;

*Dissolution* the preferred shares have preference over the common shares of NeTitles as to the repayment of capital upon dissolution of NeTitles. The preferred shareholders will be allocated an amount equal to their paid up capital before any amount is paid to the holders of common shares. The preferred shares will not be entitled to any amount over and above the said paid up capital in the event of dissolution;

*Dividends* the preferred shares will have priority over the common shares of NeTitles as to receiving dividends of NeTitles. Net profits of NeTitles, following an allocation for working capital purposes, will be distributed as dividends as follows:

- (a) first, 90% to the preferred shareholders and 10% to the common shareholders until such time as the preferred shareholders have received cumulative dividends equal to 111% of the aggregate gross subscription proceeds realized by NeTitles from the sale of preferred shares;
- (b) thereupon, the preferred shares will automatically convert to an equal number of common shares of NeTitles; and
- (c) thereafter, dividends will be paid to the common shares on a pro rata basis, subject to any outstanding Class B or C preferred shares.

*Conversion* the Class “A” preferred shares of NeTitles will automatically convert to an equal number of voting NeTitles common shares upon NeTitles having paid cumulative dividends to the Class “A” preferred shareholders equal to 111% of the gross subscription proceeds received by NeTitles from the Class “A” preferred shareholders.

Pursuant to a share subscription agreement among NeTitles, the Issuer, and Edgar Froese, the Issuer agreed to subscribe for and take up Class “A” preferred shares utilizing the net subscription proceeds from this Offering (after investments in CC) for a price of \$1.00 per share. Under the same agreement, Mr. Froese is entitled to subscribe for one additional NeTitles common share, for nominal consideration, for each Class “A” preferred share held by the Issuer; such that Mr. Froese continues to hold more than 50% of the outstanding voting shares of NeTitles at all times. This enables the Issuer to remain in compliance with the SBVC Act (in that a venture capital corporation is prohibited from owning more than 50% of the voting shares of any corporation in which it invests). See “Material Contracts”.

## **4.2 Long Term Debt**

The Issuer has no outstanding long-term debt.

## **4.3 Prior Sales**

The Issuer has issued the following securities in the past twelve months:

<b>Date of Issuance</b>	<b>Type of Security</b>	<b>Number Issued</b>	<b>Price per Security</b>	<b>Total Funds Received</b>
Dec. 14, 2004	common shares	31,706	\$0.75	\$23,779.50
Feb. 14, 2005	common shares	77,290	\$0.75	\$57,967.17
Dec. 31, 2005	common shares	140,666.67	\$0.75	\$105,500.00

## ***Item 5 ..... Description of Securities Offered***

### **5.1 Terms**

#### **General**

This Offering consists of a total of 1,000,000 Shares to raise up to \$750,000.

Prior to this Offering, 250,000 founders shares were sold at \$.10 per share, 3,752,400 shares were sold for \$.25 per share for total proceeds of \$873,500.00 (including 258,400 bonus shares); 1,502,334 shares were sold at \$.35 per share for total proceeds of \$455,247.35 (including 201,627 bonus shares); 694,740 shares were sold at \$.50 per share for total proceeds of \$322,070.00 (including 50,600 bonus shares); and 422,130 shares were sold at \$.75 per share for total proceeds of \$316,597.50. In total the VCC has raised \$1,992,414.27, and issued 6,662,445 shares.

Bonus Shares will be issued by the Issuer to each Subscriber who acquires at least \$25,000 of Shares, calculated as 10% of the number of Shares acquired under this Offering. Bonus Shares may also be issued by the Issuer, at its discretion, in other circumstances where the Issuer considers it warranted. In no event will more than 10% of the number of Shares sold under this Offering be issued as Bonus Shares. Bonus Shares: (i) will be issued for no additional consideration; (ii) will rank equally with all other common shares of the Issuer; and (iii) but will not entitle the subscriber to any Tax Credit.

The Issuer reserves the right to reject any subscription and close the subscription books and designate the final closing at any time without notice. If a subscription is rejected, monies received will be returned forthwith to the Subscriber without interest or deduction.

Persons wishing to subscribe for Shares should refer to "How to Subscribe" for details as to completion of the subscription documents and payment of the subscription price. No interest will be paid to a subscriber for monies received pursuant to this Offering prior to acceptance of his subscription. Final closing will occur on the earlier of receipt of the maximum offering hereunder, or the date the Issuer otherwise elects to terminate this Offering. Upon each closing, the net subscription proceeds, together with interest will be released to the Issuer and the certificates in respect of the Shares will be issued to the Subscribers.

This Offering may be terminated at the discretion of the Issuer upon the occurrence of certain events including any material adverse change in the business, personnel or financial condition of NeTitles.

The Issuer has received an equity capital authorization from the Administrator for \$750,000 open until November 30, 2007. Approvals, as described above, are at the discretion of the Administrator and are in no way guaranteed; and as such, tax credits may not be available following November 30, 2007.

This Offering is not subject to any minimum subscription level, and therefore any funds received from a purchaser are available to the Issuer and need not be refunded to the purchaser.

### **EXEMPTIONS FROM THE PROSPECTUS REQUIREMENTS**

Shares are offered for sale to Subscribers pursuant to certain exemptions from the registration and prospectus requirements of the British Columbia *Securities Act* (the "*Securities Act*") and the rules thereto (the "*Securities Rules*"). Subscribers should ensure all conditions are satisfied for reliance on the particular exemption under which they propose to purchase Shares. Shares will be offered pursuant to section 2.9 of

National Instrument 45-106 (*Capital Raising Exemptions*) which provides that the dealer registration and prospectus requirements do not apply to a distribution by an issuer of a security of its own issue if the purchaser purchases the security as principal and, at the same time or before the purchaser signs the agreement to purchase the security, the issuer delivers an offering memorandum to the purchaser in the prescribed form and obtains a signed risk acknowledgement form from the purchaser. The prescribed form of offering memorandum is Form 45-106F2, to which this document is meant to adhere.

### ***Resale Restrictions***

The resale of Shares of the Issuer is subject to restrictions under applicable securities legislation. Subscribers are advised to obtain independent legal advice concerning restrictions on the purchase and sale of Shares before purchasing Shares and before disposing of Shares to ensure compliance. Shares acquired hereunder must be held for 12 months from the later of the date of payment in full therefor or the date the Issuer becomes a "reporting issuer" as that term is defined under the Securities Act. The Issuer does not intend to become a reporting issuer. **Accordingly, the Shares may not be resold unless such resale can be qualified under an available exemption to the registration and prospectus requirements of the British Columbia Securities Act.**

In addition to the foregoing, the Issuer's Articles contain provisions restricting the transfer of Shares. The Issuer will not approve the transfer of any interest unless it receives adequate assurance that no violation of the SBVC Act or applicable securities legislation will occur by reason of such transfer. Purchasers should be prepared to comply with such restrictions on transferability and bear the economic risk of the investment for the term of the Issuer. The transfer by a shareholder of his Shares to his RRSP is an allowable transfer.

### **VCC Investment Restrictions**

The Issuer is registered under the SBVC Act and is subject to a number of obligations and limitations as set forth in the SBVC Act and the regulations thereunder.

### ***Venture Capital Program Summary***

The venture capital programs operating under the *Small Business Venture Capital Act* ("SBVC Act") encourage early stage or 'seed' equity capital investment in small businesses by offering resident investors refundable tax credits. The Equity Capital Program encourages investment in small businesses throughout the province while the Community Venture Capital Program encourages investment in small businesses operating outside of the Greater Vancouver and Capital Regional Districts.

The Province of British Columbia provides investors with a tax credit incentive equal to 30% of their investment in a special holding company called a Venture Capital Corporation ("VCC"), which in turn invests in one or more businesses that meet the eligibility criteria of the SBVC Act.

Investors who require further information on the provisions of the SBVC Act and Regulations are advised to either consult their own professional advisors or contact the Investment Capital Branch.

### **PROVINCIAL GOVERNMENT DISCLAIMERS**

**In registering the VCC under the SBVC Act, the Province of British Columbia makes no representations with respect to any tax considerations discussed in this document other than with respect to those dealing with the British Columbia tax credit available in respect of the purchase of**

the shares.

**The Province of British Columbia in no way guarantees the value of any shares issued by a VCC registered under the SBVC Act. Nor does it in any way express an opinion as to the financial condition of the issuing company, the merits of an investment in shares of the issuing company, or the merits of the issuing company's investments in eligible small businesses.**

**The Investment Capital Branch has not reviewed this document and any matters that concern investors should be reviewed with their own personal advisors.**

### ***Equity Capital Authorizations***

Before a VCC can raise equity capital and issue shares, it must have an authorization from the Program Administrator to do so. All authorizations granted to VCCs are specific with respect to the maximum amount of capital the company can raise and with respect to the length of time in which this raising of funds can occur. A VCC may issue only common voting shares without par value that come with no special rights or restrictions except for those that apply to the redemption of shares by the company.

**No tax credits will be issued to investors who purchase shares in a VCC that does not have either an authorization to raise equity capital or where the authorization has expired or has been suspended prior to the investor's purchase of shares.**

**The Administrator of the SBVC Act can extend the authorization period and establish a new expiration date. As there is no assurance that such an extension would always be granted, investors should verify that they are purchasing their shares in a VCC within a duly authorized period of time.**

**The amount of tax credits that may be issued each year to eligible investors is limited by section 29.1 of the Act and section 21 of the Small Business Venture Capital Regulations. Please note this tax credit "cap" and the level of demand from program participants may limit the amount of equity capital that a VCC may raise from its investors in the current year. Further, there is no guarantee that the VCC will receive approval to raise additional equity capital after the expiry date of this authorization.**

**For greater certainty, you acknowledge that no representations, warranties, agreements or undertakings of any kind have been given which purport to alter or diminish any of the rights of the Province arising under the aforementioned sections of the Act and Regulations to place limitations on the annual maximum venture capital incentive amount in any calendar year.**

### ***Investment Requirements***

The SBVC Act compels the Issuer to make investments in eligible investments of no less than 40% of the original subscribed capital of the Issuer within the first year, and 80% of the investment by the end of the second year. Funds available over this amount must be invested in permitted investments (as defined in the SBVC Act), which include the securities of small businesses, the equity shares of which would qualify as an eligible investment, as well as liquid reserves on deposit in British Columbia at savings institutions. The SBVC Act and the regulations thereto specify the acceptable characteristics of the eligible investments in which the Issuer may invest. A copy of the SBVC Act and the regulations thereto can be found on the website of the BC Investment Capital Branch at <http://www.cse.gov.bc.ca/ProgramsAndServices/BusinessServices/>.

Eligible investments to be made by the Issuer must be in the form of equity shares of small businesses which carry voting rights under all circumstances and that do not have certain prescribed rights and restrictions. The regulations under the SBVC Act prescribe the type of rights and restrictions, which are prohibited. The Issuer's investments in eligible investments cannot create a debt or contain risk reduction mechanisms.

Pursuant to the provisions of the SBVC Act, the Issuer has opened an investment protection account (the "IPA Account") with a Canadian chartered bank. Thirty percent of any money raised by the Issuer pending investment in an eligible investment in a small business must be held by the Issuer in the IPA Account. The Issuer may make application to the Administrator to release the funds held in the IPA Account once the Issuer has completed an investment in an eligible investment in a small business.

In general terms, pursuant to the SBVC Act, a small business in which an eligible investment can be made must be a corporation that:

1. together with its affiliates (as that term is defined by the SBVC Act), has no more than 75 employees at the time of investment;
2. pays 75% of its total wages and salaries to employees who regularly report to work in British Columbia; and
3. is substantially engaged in any business activity that results in:
  - a) the export of goods or services from British Columbia,
  - b) the replacement of goods and services currently imported into British Columbia with goods or services provided from within British Columbia, or
  - c) the diversification of the British Columbia economy, by the introduction of new or enhanced products, technologies and services or otherwise,
  - d) environmental enhancement by the introduction of new or enhanced products or technologies developed or produced in British Columbia or by the introduction of new or enhanced services, or
  - e) an activity that is carried out by a business located in a region outside the Greater Vancouver Regional District or the Capital Regional District that promotes community diversification.

The SBVC Act prohibits the VCC from investing in businesses carrying on the following business activities:

- a) primary resource exploration or extraction;
- b) financial services;

- c) property management or the rental of land or improvement;
- d) land development;
- e) agricultural activities, other than non-traditional agricultural activities such as:
  - i) game farming,
  - ii) specialized small crops, livestock and poultry production, and
  - iii) high technology enterprises;
- f) retail and commercial services;
- g) restaurant and food services; and
- h) the sale or lease of tangible or intangible personal property to a person for the person's personal consumption or use.

Pursuant to the SBVC Act, the Issuer must invest a minimum of 40% of its equity capital raised (before deduction of issue costs) in eligible investments by the end of its next succeeding fiscal year and 80% within the second fiscal year following the original date of share capital issue. Following the initial investment, the Issuer must maintain this level of investment for a period of at least five years. Should the VCC for any reason divest itself of an "eligible investment" prior to the expiration of the statutory five-year period and fall below the minimum investment level requirements, the VCC must reinvest additional funds into another "eligible investment" for the remainder of the five-year period or it may face the possibility of program suspension and repayment of tax credits. These repayment provisions would require the Issuer to repay to the provincial government an amount equal to the aggregate tax credits granted by the government in respect to the Issuer's equity capital.

Should the Issuer, for any reason, divest itself of its investment in NeTitles prior to the expiration of the statutory five-year period, the Issuer would be required to make the foregoing repayment, unless it immediately reinvested the capital it had invested in another eligible investment for the remainder of the five year period. As a result, in order to avoid being required to make such a repayment, the Issuer may, in the event that it divests itself of an investment prior to the statutory five-year period, reinvest its funds in an eligible investment in another related or unrelated small business. Although there is no grace period for divestment of an eligible investment, if the Issuer is unable to locate a new investment, it may apply for an extension of time, pursuant to the provisions of the SBVC Act, to enable it to locate another eligible investment.

The SBVC Act prohibits the Issuer (either alone or in conjunction with one or more of its associates or affiliates, shareholders or their respective associates) from owning, directly or indirectly, shares of small businesses that carry 50% or more of the votes for the election of directors of the small business. In addition, the Issuer cannot, in any manner, control a small business (except in the case of financial difficulty, in which case the Issuer may temporarily control a small business under circumstances and on terms acceptable to the Administrator).

The SBVC Act further provides that a venture capital corporation must not make an investment in a small business, if as a result of that investment, the aggregate of all amounts received by that small business from the Issuer and any other venture capital corporations, directly or indirectly would be greater than \$5,000,000.

If an investment by a venture capital corporation becomes prohibited, for any number of reasons outlined in the SBVC Act, including the small business failing to meet the criteria or carry on a prescribed active business as detailed above, the venture capital corporation must, within six months, dispose of such investment.

There are a variety of situations that can arise to cause a venture capital corporation to not be in compliance with the SBVC Act. The result of a failure to comply with the legislation varies depending upon the particular nature of the non-compliance but essentially the Administrator can require any non-complying venture capital corporation to either rectify the circumstances of non-compliance or to pay back the tax credits previously issued to its shareholders. In some circumstances, the directors, officers or major shareholders of a VCC, or a small business, may be held jointly liable to repay tax credits to the province.

The SBVC Act provides that the Issuer may not return capital to its shareholders, without being liable to repay the tax credits to the Province of British Columbia, until a period of five years has elapsed from the date that the Issuer made the eligible investments. However, the Issuer may pay dividends to its shareholders out of retained earnings.

The Province of British Columbia in no way guarantees the value of any securities issued by a venture capital corporation registered under the SBVC Act nor does it in any way express an opinion as to the financial condition of the small business, the merits of an investment in securities of the venture capital corporation, or the merits of the venture capital corporation's investments in small businesses.

The foregoing summary is very general and any purchasers who require further information on the provisions of the SBVC Act or the regulations pursuant thereto are advised to consult their legal advisors.

### ***Fees and Remuneration***

The VCC, pursuant to both the SBVC Act and its own corporate Articles, shall not pay any fees or remuneration to any director or officer or shareholder of the VCC, or to any "affiliate" or "associate" (as those terms are defined in the SBVC Act) of those persons except as permitted by special resolution voted upon at least annually. Under the Regulations, no shareholder of the VCC is permitted to vote on a special resolution approving payment to themselves or to their associates or affiliates.

Please note that Management Fees for a VCC may not exceed 3% per annum of the amount of equity capital raised. This limitation does not apply to fees paid from net income or retained earnings of a VCC.

### ***Investment Liquidity***

The Issuer must remain invested in eligible investments for a period of five years after making each eligible investment. Should the Issuer fail to do so, the Issuer may become liable to repay to the provincial government an amount of up to the aggregate tax credit that has been granted in respect of the Issuer's equity capital. As the Issuer first made an investment in 2001, it became eligible in 2006 to dispose of its first investments. The final eligibility will not occur until five years following the completion of the Issuer's last investment in NeTitles.

Following the expiry of five years following an eligible investment, at such time that the directors of the Issuer determine is appropriate, the Issuer will either sell a portion of its investment and distribute the proceeds to its shareholders, or alternatively distribute an allowable portion of its shares of NeTitles directly to its shareholders. Upon the final expiry of five years, the Issuer intends to either:

- i) sell its remaining holdings in NeTitles and, following the payment of all amounts owing, wind up the Issuer and distribute the proceeds to the shareholders; or
- ii) wind up the Issuer and distribute the Issuer's holdings of NeTitles' shares to its shareholders.

The Issuer may alternatively seek a listing on a prescribed Stock Exchange and provide liquidity to its investors through this vehicle.

## **5.2 Subscription Procedure**

To subscribe for Shares, Subscribers must:

- (i) complete the Subscription Agreement in the form attached hereto as Schedule 1, and Form 45-106F4 – Risk Acknowledgement attached to the Subscription Agreement; and
- (ii) tender the full amount of the Subscription price by way of cheque, certified cheque or money order payable to the Issuer.

Each investor's subscription funds will be held in trust by the Issuer for at least two days following the date of receipt and acceptance of a subscription. During this two-day period, you will have the right to cancel your agreement to acquire Shares (see Item 11). Closing will occur from time to time as funds are received, (subject to the two day retraction right noted above). Any subscription not accepted will be returned, together with subscription proceeds, without interest or deduction.

## ***Item 6 ..... Income Tax Considerations***

You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.

The management of the Issuer has prepared the following general summary of the principal income tax consequences to Subscribers acquiring Shares of the Issuer, based upon the facts and assumptions set forth herein. This commentary is of a general nature only and **DOES NOT CONSTITUTE A LEGAL OPINION OR TAX ADVICE** to any particular person. **Prospective purchasers are urged to consult with their professional advisors as to both the federal and provincial income tax consequences of his purchase of Shares.**

This summary is based on management's understanding of the *Income Tax Act* (Canada) and the Regulations thereunder (the "Federal Tax Act") as they currently exist, certain proposed amendments released by the Federal Minister of Finance, the prevailing published administrative practices of Canada Customs and Revenue Agency ("CCRA"), and those provisions of the British Columbia *Income Tax Act* (the "B.C. Tax Act"), dealing with the tax credit ("Tax Credit") available in respect of the purchase of shares of a corporation registered under the *SBVC Act*.

This summary does not take into account or anticipate changes in the law, whether by judicial, regulatory, governmental or legislative action other than the proposed amendments noted above. No application has been made for an advance income tax ruling on any aspect of the transaction proposed nor is it intended that such application be made. No assurance can be given that the Federal Tax Act will be amended in the manner proposed, nor can any assurance be given that the Federal Tax Act or the B.C. Tax Act will not otherwise be amended in a manner which will not fundamentally alter the income tax consequences to a Subscriber of owning or disposing of a Share.

This summary has been prepared on certain assumptions and applies only to Subscribers who are individuals or corporations resident in British Columbia who deal at arm's length with the Issuer and NeTitles, and who hold their Shares as capital property to earn income therefrom. It is not, and it not

intended to be, income tax advice to any particular Subscriber. Accordingly, Subscribers are urged to consult with their own income tax advisors for advice with respect to their particular circumstances.

This summary applies only to Subscribers who are individuals resident in British Columbia (not including estates or trusts) at the date the individual subscribes for Shares of the Issuers, or corporations which maintain a permanent establishment in British Columbia who are not exempt from B.C. income tax; who deal at arm's length with the Issuer; who acquired the Shares from treasury for cash; and who hold their Shares as capital property for the purpose of earning income therefrom. In addition, it has been assumed for the purposes of this commentary that at all relevant times, all expenditures of the Issuer and NeTitles are reasonable in the circumstances, that the Issuer qualifies as a "venture capital corporation" under the SBVC Act, that NeTitles qualifies as an "eligible small business" ("ESB") under the SBVC Act, that the investments in NeTitles by the Issuer qualify as eligible investments and is in compliance with the relevant provisions of the SBVC Act, and the Issuer is a "taxable Canadian corporation" within the meaning of the Federal Tax Act.

### **Offering and Establishment Expenses**

Expenses incurred in the course of issuing or selling the Shares pursuant to this Offering, including agents' fees, generally will be deductible in computing the income of the Issuer for purposes of the Federal Tax Act. Such issue expenses will be deductible at a maximum annual rate equal to 20% of such expenses with prorating for short fiscal periods.

Costs incurred in establishing the Issuer are generally considered to be eligible capital expenditures. Three-quarters of such expenditures are deductible in computing income at the rate of 7% per annum on a declining basis.

### **Taxation of the Issuer**

The taxable income of the Issuer will be subject to tax at varying rates depending on its status as a Canadian controlled private corporation or a public corporation and the nature and level of its income.

Generally, dividend income received by the Issuer from an ESB will not be subject to tax under the Federal Tax Act. Gains or losses realized by the Issuer on the disposition of its investments will be treated as income or as capital gains or losses, depending on the facts related to a particular transaction. One-half of capital gains or losses would be taxable or deducted from taxable capital gains realized in the year. Net allowable capital losses of the Issuer after deducting taxable capital gains, may be deducted from net taxable capital gains realized in any of the three preceding taxation years or in any subsequent taxation year. To the extent that the Issuer has a business investment loss, one-half thereof may be deducted from income earned by it. Non-capital losses may generally be deductible in computing taxable income in any of the three preceding taxation years, or the seven subsequent taxation years.

The issuance of the Shares and receipt of dividends by the Issuer are exempt from GST. The Issuer will generally be subject to pay the 6% goods and services tax on its business inputs and will not be eligible to recover this tax.

### **Taxation of Shareholders of the Issuer**

A taxable dividend paid by an Issuer will be included in computing the taxable income of a Subscriber who is an individual under the Federal Tax Act as a dividend from a taxable Canadian corporation, subject to the normal gross-up and dividend tax credit provisions. While taxable dividends received from the Issuer by a corporation will be included in computing its income, the recipient corporation will generally be entitled to deduct an equivalent amount. However, a private corporation, or other corporation controlled by or for the benefit of an individual or related group of individuals, receiving portfolio dividends may be liable for a 25% refundable tax under Part IV of the Federal Tax Act on these dividends. This tax is refundable upon the payment of dividends by the private corporation.

Subscribers will be deemed to have received a dividend on the repurchase or redemption of their Shares by the Issuer equal to the excess of the amount paid by the Issuer over the paid-up capital of such Shares. The portion of the amount paid by the Issuer to a Subscriber that is not deemed to be a dividend will be considered proceeds of disposition of the Share. The Subscriber may realize a capital gain or loss to the extent that the proceeds of disposition exceed or are exceeded by the adjusted cost base of a Share.

### ***Disposition of Shares***

A disposition by a Subscriber of Shares may occur, or be deemed to occur, in a number of circumstances, including a sale or gift, a sale or contribution to an RRSP or RRIF, the redemption of the Shares, or the death of a Subscriber.

Whether or not the Shares are held by a Subscriber as capital property is dependent on a number of factors including, but not limited to, the Subscriber's previous investment activity, the length of time the Shares are held, the Subscriber's intentions at the time the Shares are purchased and the nature of the Subscriber's business or occupation. The characterization of a Share as income or capital property depends on the circumstances of each Subscriber.

If the Shares are held as capital property to the Subscriber, an actual or deemed disposition by a Subscriber of Shares will result in a capital gain or a capital loss, equal to the amount by which its net proceeds of disposition of the Shares (excluding accrued but unpaid interest) exceed, or are exceeded by, the adjusted cost base of the Shares. One-half of capital gains or losses will be taxable or deducted from taxable capital gains realized in the year. Net allowable capital losses of a Subscriber, after deducting taxable capital gains may be deducted from net taxable capital gains realized in any of the three preceding taxation years, or in any subsequent taxation year.

If the Shares are not capital property any excess of net proceeds on the disposition of a Security over the cost will be included in the Subscriber's income and any loss realized on the disposition would be deductible to the Subscriber.

### ***Interest Expense Incurred to Acquire Shares***

A taxpayer is currently permitted to deduct interest paid or payable (depending on the method regularly used to calculate its income) pursuant to a legal obligation to pay interest on money borrowed for the purpose of earning income from an investment, and interest paid or payable on the unpaid balance of the cost of acquiring an investment, including an investment in Shares. Reasonable interest expense incurred to purchase Shares should therefore be deductible by a Subscriber who acquires the Shares with a reasonable expectation of earning income therefrom. Interest on money borrowed to acquire Shares will not

longer be deductible after the disposition or deemed disposition of the same (or substituted income producing property). This includes a disposition on contribution of the Shares to an RRSP or RRIF.

***Qualified Investments for Deferred Income Plans including an RRSP and RRIF***

The Federal Tax Act provides that a share of a qualifying Canadian company is a qualifying investment for a registered retirement savings plan (RRSP) or registered retirement income fund (RRIF). Shares of venture capital corporations registered under the SBVC Act have been prescribed as qualified investments for RRSP's and RRIF's. As such, the Shares issued by the Issuer will be qualifying investments for an RRSP or RRIF.

An individual is entitled to a maximum tax deduction from income, in addition to any unused RRSP deduction carried forward, of \$18,000 per year with respect to amounts contributed to an RRSP. Generally, the amount of allowable deduction is limited by several factors, including the amount of the individual's earned income for the immediately preceding year and the amount of the individual's aggregate pension benefits accruing within his registered pension plans or deferred profit sharing plans, if any, in the immediately preceding year. Accordingly, a Subscriber who transfers all, or a portion, of its Shares to an RRSP as a contribution for a taxation year, or future years, will be entitled to a tax deduction of up to \$18,000 depending on the fair market value of the Shares and the allowable RRSP deduction for that year as otherwise computed for the individual.

The transfer of a Share to an RRSP or RRIF will result in the deemed disposition for income tax purposes at an amount equal to the fair market value at the time of the transfer. For an individual investor who holds the same as capital property, the disposition will result in a capital gain equal to the excess of the fair market value of the Share over its adjusted cost base. Should the fair market value of the Shares be less than its adjusted cost base upon contribution to the RRSP or RRIF, no capital loss will be allowed.

***Item 7 ..... Tax Credits & Example***

The Issuer shall, on behalf of its shareholders who are individuals resident in British Columbia at the date they subscribe for shares or corporations with a permanent establishment in British Columbia, apply for a tax credit certificate entitling each of those shareholders to a tax credit equal to 30% of the amount received by the VCC from those shareholders in a particular taxation year. For individuals to earn a tax credit, their investment must be made within a calendar year or within 60 days of the following year. Tax credit certificates will only be issued if the VCC complies with both the technical requirements and intent of the SBVC Act.

A **subscriber who is an individual investor** must deduct the lesser of their tax credit or \$60,000 against tax otherwise payable under the B.C. *Income Tax Act* for that taxation year. To the extent that the tax credit of an individual exceeds the amount of provincial taxes payable, the individual will be entitled to a refund of the difference between the lesser of \$60,000 or their tax credit and the tax otherwise payable, after deducting certain other credits available under the B.C. *Income Tax Act*.

In administering the refund process, the refund must first apply to offset other amounts payable, including arrears under both the federal and the B.C. *Income Tax Act*. If an individual has a tax credit in excess of \$60,000, the excess may be carried forward and used, subject to the \$60,000 annual limit, in any of the four subsequent taxation years. **Note** that an individual shareholder may claim a tax credit in the prior year if the shares of a VCC are purchased within the first 60 days of the year.

A **subscriber that is a corporation** must deduct the tax credit earned in the taxation year from tax otherwise payable by the corporation under the B.C. *Income Tax Act*; there is no annual limit on the tax credit for corporations. A corporation is not entitled to a refund in respect of a taxation year if the amount of the tax credit exceeds the amount of its tax otherwise payable under the B.C. *Income Tax Act* for the taxation year.

A tax credit not used by a corporation may be carried forward for up to four subsequent taxation years and may be used to the extent that there is tax otherwise payable under the B.C. *Income Tax Act* in such taxation years.

Where an individual dies in a year and, at the time of his death, has not fully utilized a Tax Credit, his estate will be entitled to a refund equal in amount to the un-utilized Tax Credit provided no more than four taxation years have expired since the end of the taxation year in which the Tax Credit was earned. The \$60,000 limitation will not apply in this instance. In no circumstance will an individual shareholder be entitled to obtain a Tax Credit greater than what he would have received had he lived. However, the unutilized Tax Credit must be applied against any B.C. provincial tax otherwise payable by the individual for the year of death before the estate will be entitled to a refund.

Individuals or corporations who earn or utilize the Tax Credit in respect of a taxation year will not be required to include the amount of the Tax Credit in their incomes.

B.C. provincial tax otherwise payable by an individual is calculated as a percentage of tax payable under the Federal Tax Act. Deductions and tax credits claimed by an individual in respect of a taxation year pursuant to the Federal Tax Act will reduce the B.C. provincial tax otherwise payable by the individual for that taxation year and, therefore, may reduce the amount of the Tax Credit which must be applied against B.C. provincial tax otherwise payable for the year. This will not prejudice an individual's ability to claim a refund for the taxation year or to carry forward any un-utilized Tax Credit to subsequent taxation years.

### ***Example Investments***

Based on the estimates and assumptions set forth above, and assuming a Subscriber is not subject to any additional tax under the alternative minimum tax provisions, the estimated income tax savings for 2006 to a Subscriber who is an individual and who has subscribed for one thousand dollars (\$1,000) worth of Shares and who is taxable at the highest marginal income tax rate for residents of British Columbia (estimated to be 47%) after giving effect to all applicable income tax deductions is as shown below:

<b>INVESTMENT EXAMPLE</b>	<b>Without RRSP</b>	<b>With RRSP</b>
Subscription Amount	\$1,000	\$1,000
Tax Credit	<u>(300)</u>	<u>(300)</u>
Net investment cost before RRSP	\$ 700	\$ 700
RRSP tax savings	<u>0</u>	<u>425</u>
Net investment cost after RRSP	\$ 700	\$ 275

NOTES:

- (1) An individual Subscriber may deduct the lesser of his tax credit or \$60,000, against tax otherwise payable under the British Columbia *Income Tax Act* for that taxation year.
- (2) This investment example assumes: (i) that the fair market value of the Shares when contributed to an RRSP is equal to the subscription amount; (ii) that no income tax is applicable by virtue of any capital gain on the contribution of the Shares to the RRSP; and (iii) no Bonus Shares were issued.
- (3) A penalty tax is payable by an RRSP when more than 50% of the fair market value, at the time of acquisition, of the properties of the RRSP are invested in shares of certain prescribed small business corporations including Issuer's. Should the Issuer elect to become a public corporation for income tax purposes and comply with prescribed conditions, or should pending legislation be implemented, the 50% limitation would not apply (see "Income Tax Considerations").
- (4) Assumes a British Columbia marginal tax rate of 42.5%. Subscribers subject to taxation at less than the top marginal rate will receive tax savings proportionate to their effective tax rates.

The RRSP deduction limit for 2006 is \$18,000, and for 2007 is \$19,000. Under the RRSP rules, the annual deduction will be limited to 18% of earned income of the previous taxation year.

### ***Item 8 ..... Compensation Paid to Sellers and Finders***

Rimfire has entered into a non-exclusive Agency Agreement with First Financial Securities Inc. of Courtenay, BC. The Head office of First Financial is located at 432 – 10<sup>th</sup> Street, Courtenay, BC V9N 1P6, and BC representatives are located on Vancouver Island, the Lower Mainland, and Prince George (see <http://www.firstfinancial.bc.ca/> for more information and local representatives). First Financial has also agreed to act as Lead Agent and enter into Sub-Agency Agreements with other Registered Dealers.

Rimfire iMedia also expects to market this offering directly and through independent Agents. The Issuer anticipates paying such persons the following consideration:

1. a commission of up to 10% of the subscription price of the Shares sold to Subscribers;
2. assistance with their related marketing and selling costs;
3. common shares of the Issuer ("Agent's Shares") calculated as 10% of the number of Shares sold to Subscribers. Agent's Shares: (i) will be issued for no additional consideration; (ii) will rank equally with all other common shares of the Issuer; and (iii) **will not** entitle the Agent to a Tax Credit.

### ***Item 9 ..... Risk Factors***

**This is a speculative offering. The purchase of Shares involves a number of significant risk factors and is suitable only for investors who have no immediate need for liquidity. Prospective purchasers of Shares should consider the following risks in connection with purchasing Shares in addition to the factors set forth elsewhere in this Offering Memorandum. The Issuer advises that prospective investors should consult with their own legal, tax and financial advisors with respect to these matters.**

#### **Review by Regulatory Authority**

This Offering Memorandum constitutes a private offering of the Shares only in those jurisdictions where and to those persons whom, they may be lawfully offered for sale under exemptions in applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement or a public offering of these Shares. Subscribers to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.

### **Marketability and Transferability of Shares**

There is no market for the Shares of the Issuer, and the Issuer gives no assurances that any market will develop through which a Subscriber may sell Shares. The Issuer is not a "reporting issuer" as defined in the *Securities Act*; and Shares are subject to resale restrictions in accordance with the *Securities Act*. Accordingly, an investment in Shares is unsuitable for those who may be required to liquidate their investment on a timely basis.

The securities of NeTitles acquired by the Issuer must be held by the Issuer and cannot be distributed to the shareholders of the Issuer except pursuant to limited provisions of the *SBVC Act*.

### **Conflicts of Interest**

Some of the Directors and Officers of the Issuer and NeTitles may have conflicts of interest as to management resources, ownership, and interests among those two companies, and their own professional or corporate business(s) in which they may be involved. The Issuer's Officers are appointed by the Board of Directors and, therefore, may be changed at any time. The Officers of the Company are appointed by the Board of Directors and may also be changed at any time.

Specific conflicts of interest which currently exist include that Mr. Edgar Froese is Chief Executive Officer, Chief Financial Officer, President and a director of CC; and President, Secretary and a director of NeTitles; and CEO, President and a director of ACT. Mr. Froese is also a significant shareholder of CC holding 6,078,501 common shares; and is a majority shareholder of NeTitles, holding 51% of its outstanding voting common shares.

The Officers and Directors of the Issuer are not limited or affected in their ability to carry on other business ventures for their own accounts and for the accounts of others, and may be engaged in ownership, acquisition and operation of businesses which compete with the Issuer or NeTitles. Investment in the Issuer will not carry the right for the Issuer or any Subscriber to invest in any other venture or any other business or to any profit therefrom or to any interest therein.

### **Tax Credits**

As of the date of this Offering, the Issuer has an equity allocation of \$750,000, effective until November 30, 2007. There is no assurance that the Issuer will be entitled to any equity allocation after that date.

### **Tax Credit Repayment**

The *SBVC Act* stipulates that in certain circumstances, a venture capital corporation, its directors, officers or shareholders may be liable to repay all or a part of the Tax Credits received by investors to the Province of British Columbia.

Generally, a venture capital corporation will be required to repay, to the Province of British Columbia, 30% of any amount paid to directly or indirectly acquire its own shares. A venture capital corporation will also be required to repay to the Province of British Columbia all Tax Credits issued to its shareholders if the venture capital corporation has its registration cancelled, dissolves or otherwise winds up its affairs.

A director, officer, controlling shareholder, or a member of a common interest group that controls a venture capital corporation who authorized, permitted or acquiesced to a transaction, event, or series of transactions or events that such person knew or ought to have known, at the time of the authorization, permission or acquiescence, would render that corporation incapable of making a repayment of the Tax Credits under the circumstances described above is liable to pay the Province of British Columbia an amount equal to the amount that the corporation is incapable of paying under the circumstances described above by virtue of the transaction, event or series of transactions or events.

Where, on the basis of information supplied by a director, officer or shareholder of a venture capital corporation, a Tax Credit certificate has been issued and that information is false or misleading and the director, officer or shareholder knew, or ought to have known, that it was false or misleading, the director, officer or shareholder who supplied it is liable to pay the Province of British Columbia the amount of the Tax Credit.

The above commentary is of a general nature only and Subscribers are encouraged to consult with their own legal advisors as to the consequences, if any, with respect to the above.

### **Future Operations and Financing**

In the event the Issuer or NeTitles are unable to raise sufficient funds by this Offering in conjunction with other debt or equity financing, NeTitles may have insufficient funds available to it to undertake or maintain its business operations, and investors may receive no return therefrom. There is no guarantee that other debt or equity financing will be available for use by NeTitles.

### **RRSP Eligibility**

There can be no assurance that the Issuer will elect to or be able to meet all the criteria under CCRA Regulation 4803(2), "Election To Be A Public Corporation", or that CCRA will accept the election. There is no assurance legislation tabled by CCRA to rescind the rules precluding RRSPs from holding more than 50% of its value in shares of prescribed small businesses will be passed. In such circumstances, the 50% RRSP contribution rule will apply (see "Income Tax Considerations")

### **Tax Related Risks**

There can be no assurance that income tax laws or administrative practices in any jurisdiction of Canada will not be changed in a manner which will fundamentally alter the tax consequences to a Subscriber of holding or disposing of Shares, or that proposed legislation will be enacted as currently proposed.

The Federal Tax Act contains a number of broadly worded anti-avoidance provisions which may affect in certain circumstances the availability of tax deductions and the lifetime capital gains exemption. There may be disagreements with CCRA with respect to certain tax consequences of an investment in Shares. See "Income Tax Considerations".

### **Return on Investment**

There is no assurance that sufficient net profits will be generated by NeTitles from which the Issuer, and correspondingly Subscribers, will earn any return on their investment.

### **Investing in Development Stage Companies**

NeTitles is subject to the risks inherent in the establishment of a new business enterprise. The likelihood that it will be able to generate revenues, profits or capital gains sufficient to pay its obligations must be considered in view of the problems, expenses, difficulties and delays frequently encountered in connection with the development of a new business (see “Business of NeTitles”). Investment in business operations with limited operational history and no history of generating income is a significant risk.

### **Competition**

The market for NeTitles’ products, while presently not overly competitive, is expected to become increasingly competitive, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. NeTitle’s products are targeted at the emerging market for multi-media distribution through the Internet, and each faces competition primarily from other application service providers that offer a variety of products and services to address this market. There can be no assurance that either will be able to compete successfully against these competitors.

Competitors vary in size, scope and breadth of the products and services offered. Some of these competitors have longer operating histories, significantly greater financial, technical, product development, marketing and other resources, greater name recognition or a larger installed base of customers than NeTitles. As a result, these competitors may be able to respond more quickly to new or emerging technologies and to change in customer requirements or to devote greater resources to the development, promotion and sale of their products than can NeTitles.

The software and Internet industries have limited barriers to entry, and the availability of personal computers with continuously expanding capabilities, at progressively lower prices, contributes to the ease of market entry. Because of this and other factors, competitive conditions in the future are likely to intensify.

### **Potential Fluctuations in Quarterly Financial Results**

NeTitles quarterly results of operations can be affected substantially by demand for its products, the timing and customer acceptance of new products, product enhancements and promotions by it or its competitors, product returns, fluctuations in foreign exchange rates, the impact of acquisitions of other technologies or companies and changes in economic conditions. The timing of sales could significantly affect quarterly results of operations. NeTitles operating expenses are not based on any anticipated revenue levels in the short term, and are expected to increase substantially in the short term. As a result, NeTitles’ financial results could be materially adversely affected by these or other factors. Accordingly, there may be significant variations in NeTitles’ quarterly financial results.

NeTitles has experienced substantial changes in and expansion of its business and operations since it commenced operations, and expects to continue to experience periods of change. NeTitles's past changes have placed, and any future changes would place, significant demands on NeTitles's administrative, operational, financial and other resources. NeTitles expects operating expenses and staffing levels to increase in the future. In particular, NeTitles expects to hire a number of additional skilled personnel to manage its growing business. Competition for such personnel is intense, and there can be no assurance that NeTitles will be able to attract, assimilate or retain additional highly qualified senior managers and technical personnel in the future. NeTitles also expects to expend resources with respect to future expansion of its technology, accounting and internal management systems. This expansion will continue to

challenge NeTitles's ability to hire, train, motivate and manage its personnel. If NeTitles's revenues do not increase in proportion to its operating expenses, NeTitles's management systems do not expand to meet increasing demands, NeTitles fails to attract, assimilate and retain qualified personnel, or NeTitles's management otherwise fails to manage NeTitles's expansion effectively, there would be a material adverse effect on NeTitles's business, financial condition and operating results.

### **Early Stage of Market Development - Dependence on e-Commerce and the Internet**

The market for the e-commerce products of NeTitles is at an early stage of development and is rapidly evolving. As is typical for new and rapidly evolving industries, demand and market acceptance for recently introduced services and products are subject to a high level of uncertainty. With respect to each company, this uncertainty is compounded by the risks that consumers may not adopt e-commerce to a sufficient extent and within an adequate time frame to permit each of the companies to succeed.

Sales of many of NeTitles' products will depend upon the adoption of the Internet by consumers as a widely used medium for commerce and communication. The Internet may not prove to be a viable commercial marketplace because of inadequate development of the necessary infrastructure, such as a reliable network backbone, or timely development of complementary services and products, such as high speed modems and high speed communication-lines, cash transfer systems and prompt and adequate systems for the delivery of products. The Internet has experienced, and is expected to continue to experience, significant growth in the number of users and amount of traffic. There can be no assurance that the Internet infrastructure will continue to be able to support the demands placed on it by this continued growth. In addition, the Internet could lose its viability due to delays in the development or adoption of new standards and protocols to handle increased levels of Internet activity or due to increased governmental regulation. Moreover, critical issues concerning the commercial use of the Internet (including security, reliability, cost, ease of use, sabotage, viruses, accessibility and quality of service) remain unresolved and may negatively affect the growth of Internet use or the attractiveness of commerce and communication on the Internet. Because global commerce and on-line exchange of information on the Internet and other similar open wide area networks are new and evolving, there can be no assurance that the Internet will prove to be a viable commercial marketplace. If critical issues concerning the commercial use of the Internet are not favourably resolved, if the necessary infrastructure is not developed, or if the Internet does not become a viable commercial marketplace, NeTitles' business, financial condition and operating results will be materially adversely affected. Adoption of e-commerce, particularly by those individuals that have historically relied upon traditional means of commerce, will require a broad acceptance by such individuals of new and substantially different methods of conducting business.

### **Rapid Technological Change - Delays in Introduction of New Services and Products**

The software and Internet industries are characterized by rapid technological change, changes in customer requirements, frequent new service and product introductions and enhancements, and emerging industry standards. The announcement or introduction of currently planned products, or of products embodying new technologies, and the emergence of new industry standards and practices can render existing products obsolete and unmarketable. NeTitles' future success depends, in part, on its ability to enhance its existing products, develop new products that address the increasingly sophisticated and varied needs of its prospective customers, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. There can be no assurance that NeTitles will be successful in effectively adapting its products to emerging industry standards, developing, introducing and marketing product enhancements, or new products, or that it will not experience difficulties that could delay or

prevent the successful development, introduction or marketing of these products, or that its product enhancements will adequately meet the requirements of the marketplace and achieve market acceptance.

### **Dependence on Intellectual Property Rights**

NeTitles' success and ability to compete are dependent to a significant degree on its proprietary products. It will rely primarily on copyright, trade secret and trademark law to protect its products. It has no patents. It may be possible for a third party to copy or otherwise obtain and use its proprietary information without authorization. Policing unauthorized use of their products is difficult, particularly because the global nature of the Internet makes it difficult to control the ultimate destination or security of data transmitted. The laws of other countries may afford NeTitles little or no effective protection of its intellectual property. There can be no assurance that the steps taken by it will prevent misappropriation of its products or that agreements entered into for that purpose will be enforceable. In addition, litigation may be necessary in the future to enforce its intellectual property rights, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources, either of which could have a material adverse effect on their business, financial condition and operating results.

### **Risk of Infringement**

NeTitles may in the future receive notices of claims of infringement of other parties' proprietary rights. There can be no assurance that claims for infringement or invalidity (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against them. Any such claims, with or without merit, could be time consuming to defend, result in costly litigation, divert management's attention and resources or require them to enter into royalty or licensing agreements. There can be no assurance that such licenses would be available on reasonable terms, if at all, and the assertion or prosecution of any such claims could have a material adverse effect on their business, financial condition and operating results.

### **Dependence on Key Personnel**

NeTitles' success has been substantially dependent upon the services of its existing personnel, and its continued success will be dependent on its ability to attract and retain qualified personnel in the future. NeTitles may require a significant number of additional employees, both on the marketing and development sides of its business, in order to carry out its business plan. The loss of the services of any of its personnel or the inability to identify, hire, train and retain other highly qualified technical and managerial personnel, in the future could have a material adverse effect on its business, financial condition and operating results. Competition for such personnel can be intense. There can be no assurance that it will be able to attract, assimilate or retain qualified technical and managerial personnel in the future, and its failure to do so would have a material adverse effect on its business, financial condition and operating results.

### **Future Capital Needs - Uncertainty of Additional Financing**

There is no assurance that this private placement will complete, in whole or in part, and if less than the maximum offering (\$750,000) is realized thereunder, NeTitles may not have sufficient cash resources and credit facilities to meet its presently anticipated working capital and capital expenditure requirements for at least the next 12 months. In addition, it may need to raise additional funds in order to support more rapid

expansion, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities.

There can be no assurance that any additional funding, if needed, will be available on terms attractive to NeTitles, or at all. Furthermore, any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities of NeTitles, the Issuer's percentage shareholder ownership will be reduced, it may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to the Issuer. NeTitles does not have any contractual restrictions on its ability to incur debt and, accordingly, it could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain covenants, which would restrict its operations. If adequate funds are not available on acceptable terms, NeTitles may be unable to develop or enhance its services and products, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on its business, financial condition and operating results.

### **NeTitles Anticipates that Losses may Continue**

NeTitles anticipates incurring losses for the next fiscal year. The extent of future losses will depend, in part, on the amount of growth in revenues from its products and services. NeTitles expect that operating costs will increase during the next several years, especially in the areas of sales and marketing, product development and general and administrative expenses as it pursues its business strategy. Thus, it will need to generate increased revenues faster than the rate of growth in costs to achieve profitability. To the extent that increases in its operating expenses precede or are not subsequently followed by corresponding increases in revenues, or if it is unable to adjust operating expense levels accordingly, NeTitles' business, results of operations and financial condition would be materially and adversely affected. There can be no assurance that NeTitles will sustain profitability or that its operating losses will not increase in the future.

### **Limited Operating History**

NeTitles has not achieved profitability and there is no guarantee that it will be able to achieve profitability in the future. It has never paid a dividend on any class of its shares and does not expect to do so in the foreseeable future. Its business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as e-commerce. Such risks include the evolving and unpredictable nature of their business, their ability to anticipate and adapt to a developing market, acceptance by consumers of their products and the ability to identify, attract and retain qualified personnel. There can be no assurance that NeTitles will be successful in doing what is required to address these risks.

### **Risks Associated with International Operations**

NeTitles expects that international sales will account for an increasing portion of its revenues. Most of its international revenues will be denominated in U.S. dollars. Consequently, a decrease in the value of the U.S. dollar or a relevant foreign currency in relation to the Canadian dollar occurring after establishment of prices and before receipt of payment by it would have an adverse effect on its results of operations. Additionally, it may be materially and adversely affected by increases in duty rates, exchange or price controls, repatriation restrictions, or other restrictions on foreign currencies. Its international operations are subject to certain other risks common to international operations, including without limitation, government regulations, import restrictions, and, in certain jurisdictions, reduced protection for their intellectual property rights.

### **Existing and Future Laws**

A number of legislative and regulatory proposals under consideration in the US and Canada may lead to laws or regulations concerning various aspects of the Internet, including, but not limited to, online content, user privacy, taxation, access charges, liability for third-party activities and jurisdiction. Additionally, it is uncertain how existing laws will be applied by the judiciary to the Internet. The adoption of new laws or the application of existing laws may decrease the growth in the use of the Internet, which could in turn decrease the demand for NeTitles's products and services, increase its cost of doing business or otherwise have a material adverse effect on its business, results of operations and financial condition.

Internet user privacy has become an issue both in the U.S. and abroad. NeTitles cannot predict the exact form of the regulations that the U.S. government may adopt to protect such privacy. Any such action could affect the way in which NeTitles is allowed to conduct its business, especially those aspects that involve clients being restricted in the collection or use of personal information, and could have a material adverse effect on its business, results of operations and financial condition.

The tax treatment of the Internet and e-commerce is currently unsettled. A number of proposals have been made by working groups and by Canadian and U.S. government departments. Governments could impose taxes on the sale of goods and services and certain other Internet activities. Recently, the Internet Tax Freedom Act was signed into law in the U.S., placing a three-year moratorium on new state and local taxes on certain aspects of Internet commerce in the U.S. However, there can be no assurance that future laws imposing taxes or other regulations on commerce over the Internet would not substantially impair the growth of e-commerce and as a result have a material adverse effect on NeTitles's business, results of operations and financial condition.

There can be no assurance that violations of such laws will not be alleged or charged by provincial, state or foreign governments and that such laws will not be modified, or new laws enacted, in the future. Any of the foregoing could have a material adverse effect on NeTitles's business, results of operations and financial condition.

### ***Item 10 ..... Reporting Obligations***

The Issuer is not a reporting issuer in British Columbia. As a shareholder of the Issuer, you will receive unaudited financial statements annually, including income statements, balance sheets and changes in financial position, together with any other disclosure required by the SBVC Act or any other applicable legislation of British Columbia; and unaudited interim financial statements on a half yearly basis in accordance with the *Company Act* (British Columbia). The Issuer has adopted January 31 as its year end; and audited financial statements of the Issuer will be prepared and distributed within 90 days of that time. You will also be given notice of and entitled to attend general meetings of the holders of outstanding common shares of the Issuer in accordance with the *Company Act* (British Columbia).

### ***Item 11 ..... Resale Restrictions***

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the earlier of the date that is 12 months and a day after the date the Issuer:

1. becomes a reporting issuer in the Canadian province or territory in which you reside; or
2. first becomes a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan and is a SEDAR filer.

### ***Item 12 ..... Purchaser's Rights***

You have the following rights under securities legislation:

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2<sup>nd</sup> business day after you sign the agreement to buy the securities.
2. **Rights in the Event of a Misrepresentation** - If there is a misrepresentation in this offering memorandum you have a right to sue:
  - (a) to cancel your agreement to buy these securities, or
  - (b) for damages against the Company, every person who was a director at the date of the offering memorandum and every other person who signed the offering memorandum.

If you intend to rely on the rights described in 2(a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the transaction. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation or 3 years after the transaction.

You may have other rights in addition to those described above. For information about your rights, you should consult a lawyer.

January 31, 2006 Audited Financial Statements

November 30, 2006 Unaudited Financial Statements

***Item 13 ..... Date and Certificate***

Dated: January 1, 2007

**This offering memorandum does not contain a misrepresentation.**

*“Janet Chilvers”*

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Janet Chilvers  
*Chief Executive Officer*

*“George Lai”*

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George Lai  
*Chief Financial Officer*

On Behalf of the Board of Directors of the Issuer:

*“Janet Chilvers”*

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Janet Chilvers, *Director*

*“George Lai”*

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George Lai, *Director*

*“Ralph Balcom”*

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Ralph Balcom, *Director*

On Behalf of the Promoter of the Issuer:

*“Edgar Froese”*

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Edgar Froese, *Promoter*